

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 ISO-00 OMB-01 AID-20 EB-11 AGR-20

TRSE-00 COME-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15 USIA-15

DRC-01 /159 W

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R 101604Z SEP 73

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 6688

INFO AMEMBASSY COMOMBO

AMEMBASSY DACCA

AMEMBASSY ISLAMABAD

AMEMBASSY KATHMANDU

AMEMBASSY LONDON

AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

CINCPAC

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CINCPAC FOR POLAD

E.O. 11652: N/A

TAGS: PINT, IN

SUBJ: DOMESTIC POLITICAL REVIEW: DRIFT IN DELHI

REF: NEW DELHI 8741

1. AT THE END OF JULY, THE EMBASSY SAW THE FIRST SIGNS THAT THE PRIME MINISTER MIGHT MOVE TO BREAK THE STALEMATE ON THE POLITICAL AND ECONOMIC FRONTS AND GET THINGS MOVING. SUCH THINGS MOVE SLOWLY, IF AT ALL, IN INDIA AND SHE CONTINUED TO MUDDLE THROUGH AUGUST.

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2. MRS GANDHI SUCCEEDED IN KEEPING CONGRESS DISSIDENTS IN

LINE IN THE STATES; HER WELL-PUBLICIZED MEETINGS WITH OPPOSITION LEADERS HIGHLIGHTED THEIR INABILITY TO PRESENT COHERENT ALTERNATIVES TO CONGRESS POLICIES AND THE OPPOSITION'S INABILITY TO WORK TOGETHER. IN MOVING GINGERLY TOWARD OLD ANTAGONISTS LIKE K KAMARAJ AND SHEIKH ABDULLAH, SHE SOUGHT TO SHORE UP SUPPORT AMONG OLDER CONGRESSMEN AND MUSLIMS, WHOSE HELP SHE WILL NEED IF SHE DECIDES TO MOVE FROM LEFT TO CENTER. SHE MUST FIRST GET THROUGH SEPTEMBER AND EARLY OCTOBER WHEN FOODGRAIN STOCKS ARE LOWEST AND THE POTENTIAL FOR WIDESPREAD VIOLENCE HIGHEST. THE RELATIVELY LOW LEVEL AND LIMITED EXTENT OF VIOLENCE IN AUGUST APPEARED A GOOD OMEN FOR SEPTEMBER.

3. DRIFT CHARACTERIZED THE GOVERNMENT'S ATTITUDE TOWARD THE ECONOMY. WITH CABINET MEMBERS AND STATE GOVERNMENTS BUSY ATTEMPTING TO PROCURE AND DISTRIBUTE GRAIN, DEAL WITH A RASH OF STRIKES TRACEABLE TO THE EFFECTS OF INFLATION, AND REPAIR DAMAGE CAUSED BY FLOODS, THE PAST MONTH WAS NO TIME FOR DRAMATIC ECONOMIC POLICY INITIATIVES. CENTRISTS TOOK HEART FROM THE PRIME MINISTER'S REFUSAL TO ASSURE THE LEFT THAT THE GOVERNMENT WOULD TAKE OVER THE WHOLESALE TRADE IN RICE. IT WAS TOO EARLY TO TELL WHETHER THE GOVERNMENT'S DECISION WAS FINAL AND, IF SO, WHETHER THAT IT MARKED ONLY A RELUCTANT BOW TO POLITICAL, ECONOMIC, AND ADMINISTRATIVE REALITIES THIS YEAR OR A DEEPER CHANGE IN THE GOVERNMENT'S ATTITUDE TOWARD THE ECONOMY.

4. THE GOOD MONSOON RAINS THROUGHOUT THE COUNTRY WERE THE BEST NEWS THE PRIME MINISTER, THE GOVERNMENT AND THE COUNTRY HAD RECEIVED IN MONTHS. THE RAINS LIFTED SPIRITS, WHICH HAD REACHED ROCK-BOTTOM ON INDEPENDENCE DAY, AND HELD OUT THE PROMISE OF FEWER POWER SHORTAGES, A RENEWAL OF INDUSTRIAL GROWTH, A GOOD IRRIGATED WINTER CROP, A BETTER BUDGETARY SITUATION AND THE POSSIBILITY OF A DECLINE IN THE RATE OF INCREASE OF FOODGRAIN PRICES. IF THE RAINS CONTINUE ADEQUATE FOR ANOTHER FEW WEEKS, THE PRIME MINISTER WILL HAVE BEEN GRANTED THE BREATHING SPELL SHE NEEDED BEFORE SHE COULD TRY NEW INITIATIVES TO TACKLE THE BIG, UNDERLYING, INTRACTABLE PROBLEMS. SOME THOUGHT SHE WAS GEARING UP TO DO SO; OTHERS SUSPECTED CYNICALLY THAT THE GOVERNMENT MIGHT AGAIN RELAPSE

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INTO COMPLACENCY. THE ALL-INDIA CONGRESS COMMITTEE SESSION IN NEW DELHI SEPT 15-16 MAY SHED LIGHT ON THIS.
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